

## COMMITTEE ON FINANCE

**May 22, 2006**

**5:00 PM**

Vice-Chairman Gatsas called the meeting to order.

Vice-Chairman Gatsas called for the Pledge of Allegiance, this function being led by Alderman Shea.

The Clerk called the roll. There were thirteen Aldermen present.

Present: Aldermen Roy, Gatsas, Long, Duval, Osborne, Pinard, Lopez, Shea, DeVries, Garrity, Smith, Thibault and Forest.

Absent: Alderman O'Neil

Messrs.: David Cornell, Thomas Nichols, Stephan Hamilton, School Committee Member Stewart, Superintendent Ludwell

Vice-Chairman Gatsas stated I guess what I will ask first is if the Assessors will come forward, please. Mr. Cornell when you came before us once before I think you told us in the new evaluation we can expect a range between \$60 and \$90 million.

Mr. David Cornell, Chairman of the Board of Assessors, stated yes we did.

Vice-Chairman Gatsas asked have you had an opportunity to revisit that, I think you came in with a number of \$75 million...have you had an opportunity to revisit that and see if there's any additional new revenues before we go through with out budget process that we can use as added revenues to make sure we try and make ends meet.

Mr. Cornell stated we originally projected our estimate to be \$60 to \$90 million. We figured \$75 million was a good statistical mid-point for that. Since that time our revenues, our valuations have been coming slightly on the higher side so the figure today we're looking at probably between \$80 to \$90 million.

Vice-Chairman Gatsas stated so if we used an \$85 number that wouldn't be on the high end, it would still be below your \$90 that you're presuming.

Mr. Cornell stated that's correct. The \$85 would be in the middle and if we could just real quick explain the difficulty in making these projections. Essentially, if you look at if we have a bucket and in that bucket we have a new valuation being put in and that's new construction being put in and then in the bottom of the bucket we essentially have holes which is abatements and through other processes we're losing value but so far our numbers are holding up very strong and we will be on the high end of our estimate so between the \$80 to \$90 million would be more realistic with the \$85 million being in the middle.

Vice-Chairman Gatsas stated the number for the assessed valuation that you're using for the assessed valuation I'm showing \$5,427,561,000 which is about \$10 million more than what the Mayor was using.

Mr. Cornell stated that would be correct yes.

Vice-Chairman Gatsas stated the bottom one is another \$10 million on the assessed valuation less utilities, so that number would be \$5,317,619,000 which is \$10 million more than what the Mayor was using.

Mr. Cornell stated right, yes.

Vice-Chairman Gatsas asked are there any other questions. There were none. Thank you.

Vice-Chairman Gatsas stated what we will attempt to do here this evening is try and eliminate some of the things that I think that we can get majority movement on to move things forward so that we're not looking at some 14 items or 15 items in a week from now. So, we can move some of them on a consensus to the full Board we can move them out and we can go through and make decisions on which ones we want to move and which ones we don't want to move and I guess we'll start with item 4 and I think when you go through 4 the appropriation is basically the Airport which is not an impact on the City side which I think is an appropriation we can move forward, eliminate if off our table so we're not having to look at it again.

#### 4. Appropriating Resolution:

“A Resolution appropriating to the Manchester Airport Authority the sum of \$52,321,042 from Special Airport Revenue Funds for Fiscal Year 2007.”

On motion of Alderman Thibault, duly seconded by Alderman DeVries, it was voted that the Appropriating Resolution be read by title and it was so done.

Alderman Pinard moved that the Appropriating Resolution ought to pass and layover. Alderman Osborne duly seconded the motion. There being none opposed, the motion carried.

Vice-Chairman Gatsas stated lets leave for now item 5 because I think that there's a "blue sheet" coming out and let's take a look at item 7...a resolution dealing with EPD and I would assume that everybody agrees that that's a division that stands on its own as the Airport does.

**5. Appropriating Resolution:**

“A Resolution appropriating to the Parking Fund the sum of \$6,603,825 from Parking for the Fiscal Year 2007.”

This item was not addressed.

**7. Appropriating Resolution**

“A Resolution appropriating the sum of \$16,664,386 from Sewer User Rental Charges to the Environmental Protection Division for Fiscal Year 2007.”

On motion of Alderman Long, duly seconded by Alderman Pinard, it was voted that the Appropriating Resolution be read by title and it was so done.

Alderman Long moved that the Appropriating Resolution ought to pass and layover. Alderman Pinard duly seconded the motion. There being none opposed, the motion carried.

Vice-Chairman Gatsas stated this is a resolution, which again is before us, I don't think anybody is going to deal with that and leave it as it stands.

**9. Appropriating Resolution:**

“A Resolution appropriating to the Manchester School Food and Nutrition Services Program the sum of \$5,537,900 from School Food and Nutrition Services Revenues for Fiscal Year 2007.”

On motion of Alderman Garrity, duly seconded by Alderman Roy, it was voted that the Appropriating Resolution be read by title and it was so done.

Alderman DeVries moved that the Appropriating Resolution ought to pass and layover. Alderman Forest duly seconded the motion. There being none opposed, the motion carried.

**11. Appropriating Resolution:**

“A Resolution appropriating to the Central Business Service District the sum of \$244,000 from Central Business Service District Funds for Fiscal Year 2007.”

On motion of Alderman Garrity, duly seconded by Alderman Shea, it was voted that the Appropriating Resolution be read by title and it was so done.

Alderman Long moved that the Appropriating Resolution ought to pass and layover. Alderman Duval duly seconded the motion. There being none opposed, the motion carried.

**12. Resolution:**

“Continuation of the Central Business Service District.”

On motion of Alderman Long, duly seconded by Alderman Osborne, it was voted that the Resolution be read by title and it was so done.

Alderman Garrity moved that the Resolution ought to pass and layover. Alderman Roy duly seconded the motion. There being none opposed, the motion carried.

**13. Appropriating Resolution:**

“Appropriating all Incremental Meals and Rooms Tax Revenue Received by the City in Fiscal Year 2007 and held in the Civic Center Fund, for the payment of the City’s Obligations in Said Fiscal Year Under the Financing Agreement.”

On motion of Alderman Thibault, duly seconded by Alderman Osborne, it was voted that the Appropriating Resolution be read by title and it was so done.

Alderman Thibault asked does this change in any way the method that we’ve been doing over the past several years.

Vice-Chairman Gatsas replied no the same method.

Alderman Long moved that the Appropriating Resolution ought to pass and layover. Alderman Pinard duly seconded the motion. There being none opposed, the motion carried.

**5. Appropriating Resolution:**

“A Resolution appropriating to the Parking Fund the sum of \$6,603,825 from Parking for the Fiscal Year 2007.”

**6. Appropriating Resolution:**

“A Resolution appropriating the sum of \$2,968,193 from Recreation User Charges to the Recreation Division for Fiscal Year 2007.”

**8. Appropriating Resolution:**

“A Resolution appropriating to the Manchester School District the sum of \$143,000,000 for the Fiscal Year 2007.”

**10. Appropriating Resolution:**

“A Resolution appropriating to the Manchester Transit Authority the sum of \$1,100,000 for the Fiscal Year 2007.”

**14. Appropriating Resolution:**

“Amending a Resolution ‘Raising Monies and Making  
Appropriations for the Fiscal Year 2007 to \$114,134,608’.”

Vice-Chairman Gatsas stated why don't we go back to number 5 and I would like to pass out at least the “blue sheet” that I put together...see Alderman Shea the “blue sheets” are coming. If I can take you through the changes I think what you will find that on the second page there's a white sheet that talks about some of the things that are on the “blue sheet”. Basically, what this “blue sheet” consists of is taking the numbers that you see that are in black being the same expenditure numbers that were recommended by the Mayor. The increases that you see or the decreases...the first one that you see is the City Solicitor...that is a decrease because we withdrew, I believe, \$87,000 from their Worker's Compensation line and that was based on the “yellow sheet”. The next line you see is in the Human Resources Department...that is an increase of \$200,000 which is I want to say from the “yellow sheet” somewhere around \$25,000 or \$30,000 in a difference which is less than what they requested, however, it's \$200,000 more than what the Mayor had in his line item. The Planning Board is the number that is \$10,700 less than what the Mayor had expended but a number they said they could live with when they came before us. The Fire Department has an increase of \$350,000 in their line item which brings them closer to the number they were requesting before the “yellow sheet” and after the Mayor's number. Police is at the same number as the Mayor...the Health Department was roughly \$2 million additional that we saw in the exchange of the nurses so when you see that number that's why that difference...we went back to the “yellow sheet” with the Health Department having that same number. The Highway Department is at the number that they requested that they said let us manage our budget...that's the number that they requested from the City...\$21,456,356. Parks and Recreation was roughly at the same number as they came in on the “yellow sheet” at \$3,654,221 which is about \$400,000 over the Mayor's number and it includes an appropriation to MCTV of \$396,754. The numbers that you see on the revenue side...the \$11,937,654 is an increase of \$300,000 in a parking revenue...the parking consultant that we had come in here was very clear and precise that he thought that we should...that if we charge for Saturday parking and I invite everybody to come down because once employees park in the spaces they're parked there for the day. If you take a look at that \$300,000 number there's about 2,500 spaces that we have in the City of parking meters...based on 365 days a year it's about an allocation of \$3.00 per meter. So, that gets you a revenue of \$300,000...I think it only makes sense that when we see what we're doing for attractions in the City that there should be a revenue on a Saturday...there's no question that he also included Sunday but I think that's a difficult one because there are people that park at parking meters that

attend churches across the City and I think that that would be a very difficult thing to try and monitor. So, I think that adds \$300,000...the number that I left the Building and Maintenance Division the same number as the Mayor in the calculation. If you go down to the Non-Departmental items those are numbered items...there \$200,000 in Contingency from \$240,000...Salary Adjustment account was added \$750,000, the Transit has been deducted \$250,000 and the Veterans Exemption is \$1,347,700. I think that when you look at this budget it comes out at zero. I think that it allows the Mayor I think a different avenue than what we've ever done here before and to let him manage most of the City departments. You can see the bigger ones I've included increases to them, I think that it allows the Mayor to run the City and I think again because the amount of time that we've had from the time that he's presented his and the great work that I believe that this Board has done going through every one of those departments to understand where these budget numbers are coming from I certainly applaud every one of my colleagues for putting in the time and the hard work so at least now when somebody asks a question we have an answer of why we did something and I think that when you look at these numbers I think that when you allocate the funding and it gets to zero it leaves \$1.750 million in the Salary Adjustment account. I think that's a reasonable number when you start saying that we can't affect City Police and City Fire and I think that the other smaller departments have an opportunity to go through here and the Mayor has the ability to hire people back if they so look at where they're going and what they're looking for. The School District number is still the \$143 million...I think it's an increase of \$400,000 because MCTV is not part of that burden anymore, they have the \$143 and I think it's based again and I think we'll hear some answers saying federal funds are down but again what we've been looking at is a \$142 million budget that we appropriated last year. Their debt service is \$2 million less this year than what it was last and that starts you out at \$140...the leaves of absences are another million dollars and that brings you to \$139 and those leaves of absences this year become real where last year they didn't appear and we couldn't use them. There's a million dollars in surplus that was going to be returned to the City...that gives you a starting mark of \$138 million and the number between what the Mayor has offered and what the School District was asking is a \$5 million number and I add that \$5 million to the \$138 million and it brings you back to \$143. I've used the simpler math to get you to \$143, I think it's available...at this point I certainly will entertain whatever questions any Board member has and go from there.

Alderman Smith stated I believe the debt service for the School Department is \$11 million for the upcoming budget year, is that correct?

Vice-Chairman Gatsas replied down from \$13 million.

Alderman Smith stated from what I understand reading the paper Title I are reduced \$1.2 million in federal funds and I believe they have to absorb it in the general fund to keep those positions open.

Vice-Chairman Gatsas stated I believe Title I funds aren't available until October of 2006 for the next fiscal year.

Alderman Smith stated in regard to the School Department they're projection was \$148 million from the regular Board, the Finance Committee was 3-to-2 at \$146.2 million and the Mayor came in at \$143 million. If you total up all of their expenses you're down to about \$6 or \$7 million for education strictly speaking for other things. I don't know where we're going to go from this but I'm certainly not pleased with \$143...I'll tell you that, Mr. Chairman.

Vice-Chairman Gatsas stated I guess...first, if we can go back to what I originally said, Alderman Smith. We gave them \$142 million last year. Will you agree that their debt service is \$2 million less this year than last year?

Alderman Smith replied yes.

Vice-Chairman Gatsas stated so if we were flat funding we would flat fund at \$140 million. Would you agree with that?

Alderman Smith replied I don't know about that. I have my notes and I'll get back to you in a minute. I'll get my thoughts and I'll answer that, okay.

Vice-Chairman Gatsas stated all right.

Alderman Roy stated while Alderman Smith goes through his notes the question of the flat funding would that include our contractual obligations for COLA's and steps for the 1,700 employees?

Vice-Chairman Gatsas replied I think the first thing we have to start with is if we say we are going to flat fund and if we took that flat funding and said it was \$2 million less in debt service that brings us to \$140 million. If we said the next thing there was \$1 million in surplus that brings us to \$139 million. If we said there were leaves of absences which they showed us was \$1 million...that's \$138 million in flat funding and I will say to you that the \$5 million from contractual obligations is \$5 million included in that number brings you to \$143. So, the \$143 includes contractual obligations.



Alderman DeVries stated I didn't quite follow your trend of thought when you were indicating that the decrease in federal dollars coming in at \$1.2 million left when we try to look at the flat double funding with last year but the timing of that payment would have been the same last year but it's built into last year's budget so I didn't understand why the October payment entered into your train of thought for why because that's not a full calendar year, it's never a full calendar year because those are federal dollars if I understand it.

Vice-Chairman Gatsas stated that's correct. I guess my question what the School District is telling you is either the federal funds for the '07 fiscal year is \$1.3 million less of the fiscal fund for the '05 fiscal year were \$1.3 million less. I don't know which one they're telling you.

Alderman DeVries stated I guess my question is a little bit different because we're trying to compare to last year's budget, which also would have received \$102 million more than the October bill. So, when they balance their school year out they're trying to level fund it I still think that we have to account for that \$1.2 million less in revenues that they're receiving. If we're trying to equate budget year to budget year.

Vice-Chairman Gatsas stated I don't know what those numbers are allocated to . They may be allocated to different things that you and I don't recognize because obviously federal dollars come in from different sources that could be new programming that were allocated with new programs with new monies. So, I can't tell you that because that's nothing this Board has ever looked at. We don't know if that \$14 or \$15 million in federal dollars that they receive...where those allocations go to. I know we looked at them quickly last year because their 940's were somewhere around \$70 million when they only saw about \$60 million in wages. So, I can't tell you what that other \$10 million in allocation is.

Alderman DeVries stated Mr. Chairman I certainly do not consider myself any type of an expert in Title I funding at all but I do see in the audience that we do have the Superintendent of Schools and I'm not sure if his Finance Director is with him but is it possible to ask them so we can answer that question since we're trying to equate budget year to budget year?

Vice-Chairman Gatsas stated Doctor I don't have a problem...I know that Mr. Sanders is not with you and I don't know if anybody else is an expert in Title I funding that comes in but I certainly would leave it...it looks like he's feeling uncomfortable about answering the question without Mr. Sanders.

Alderman DeVries stated if I could ask one more question because I thought the question was simple. Does the reduction in federal Title I funds...that \$1.2 million reduction have an impact on the budget when we look respectively at last year and all we're trying to do is decide whether we're level funding year-to-year does that need to be in the equation?

Vice-Chairman Gatsas stated Doctor I was trying to keep you out of the seat but looks like they're bringing you in.

Dr. Ludwell, Superintendent of Schools, stated thank you and good evening. I really am much more comfortable with Mr. Sanders answering these issues and I'd like to invite and I know that many of you have taken this up before that if you have any questions if you submit them to us we'll try to get back to you in a very timely manner. I will say that we took the reduction as a true reduction in the budget that we developed.

Vice-Chairman Gatsas stated I think the question is are those federal funds from last October that are affecting you this year?

Superintendent Ludwell replied no I believe those are projected...those are anticipated revenues coming in they're not from last year.

Vice-Chairman Gatsas stated so really it's eight months so it wouldn't be \$1.3 million because you'd have additional funds coming from this year...during that off fiscal year federal government is on an October cycle, we're on a July cycle so there is a difference.

Superintendent Ludwell stated and I believe the amount was something like \$1.29 or something like that.

Alderman Smith stated I would just like to ask the Chair...you asked me to get back to you and I said I will. Salaries alone are going up almost \$10 million unless there's a cut from last year, transportation is roughly \$5 odd million...student services and regular education...then nature gas and electricity are going up...city services are definitely going up and for about...and what I'm looking at is several million dollars. So, we can say we can use the figures any way you want to but my point is that we're here, we have 17,000 youngsters attending our schools and it's our duty to give them the best possible education and you get what you pay for. Thank you.

Vice-Chairman Gatsas stated Alderman I don't know where you got your \$10 million figure from but if it's a \$10 million figure then for them just to balance their books they'd need \$152 million, so I don't know where the \$10 million came from. If we just said here's you \$142 from last year without anything else and they needed \$10 million more just in salaries that would have to bring them to \$152 million and I don't know...I've never heard that number.

Alderman Smith stated I'm looking at the totals here...the '07 budget says salaries and then it says employees benefits.

Vice-Chairman Gatsas stated all I can tell you is it's a \$10 million increase...you would have to give them \$152 million just so that they could pay their wages and benefits.

Alderman Smith stated we can discuss this at another time.

Vice-Chairman Gatsas stated I can understand where you're coming from.

Alderman Smith stated it's so vital, it's so important...I don't know we have teachers that are upset, we have parents that are upset and I believe in giving our youngsters the best opportunity to succeed and like I say I will not accept as far as I'm concerned \$143 million.

Vice-Chairman Gatsas stated I understand that but all I'm saying is that somebody needs to justify to you where the \$10 million is just for your own edification that's all.

Alderman Lopez stated in reference to the City Clerk's revenue the number we had on the "yellow sheet" you're using the Mayor's number and it was indicated \$1,727,655 and you're still using the Mayor's number and a question for Randy Sherman...is that the number you're going to use Randy when you go up to the state? Leo Bernier, you testified that you would not be able to meet the \$1,727,655, is that correct?

Mr. Leo Bernier, City Clerk, replied I would have to look at those numbers again. A lot of things have transpired over the last month regarding raising of revenues and I would need to make sure that that does not include the business licensing.

Alderman Lopez asked Randy would you like to make a comment in reference to business licensing as to why you will not use business licensing.

Mr. Randy Sherman, Deputy Finance Officer, stated we do not have the business license in those numbers and we still do feel confident with the Mayor's number. I would not put the business license in at this time, I don't believe the statute is signed by the Governor and you haven't gone through the process here of establishing an ordinance or going through the public hearing process. So, at this point, I wouldn't put in any additional revenues but when we worked with the Mayor in developing his numbers we felt confident about that \$1.7 million.

Alderman Lopez stated okay, fine, we'll use the Mayor's number. Mr. Chairman, can I ask some more questions?

Vice-Chairman Gatsas replied you certainly may I would never stop anybody from asking questions.

Alderman Lopez stated, Mr. Sherman, you've increased your revenues by \$300,000.

Vice-Chairman Gatsas interjected Mr. Sherman didn't, I did...in consultation with the parking study that we paid an awful lot of money to do because that's exactly what that study said and the study said also we should be charging for Sunday...it was very clear what that study said and with the assistance of Mr. Sherman and Mr. Clougherty they thought that \$300,000 was a conservative number.

Alderman Lopez stated an increase in the \$3.5 million revenue to \$3.8, is that correct? In the parking study.

Vice-Chairman Gatsas replied that's correct.

Alderman Lopez in reference to Information Systems stated I guess you're using the Mayor's numbers so that's at least five people we'll lose there.

Vice-Chairman Gatsas stated understand what I've done here...you can call it a vacancy...calling it a change of attitude in the way we perform government.

Alderman Lopez stated Building Maintenance has increased to \$6,361,370 and I believe the number was \$5.905 million...can you give me an explanation?

Vice-Chairman Gatsas replied I merely left the number the same as the Mayor's... the Mayor's number is the same number, it's the same number in that department and I left it there.

Alderman Lopez stated Mr. Frank Thomas maybe you would want to address that because my notes unless I'm wrong if the School Department at \$143 million it's \$5.905 million...does somebody wish to correct me.

Mr. Frank Thomas, Public Works Director, stated you are correct, Alderman. Revenues would go down from what the Mayor proposes because of a reduction in the operating budget that approximately 3% is chargebacks to schools so the operating budget gets reduced from what was requested then revenues would get reduced and I believe that the number that you quoted is the correct number that we noted.

Vice-Chairman Gatsas stated Frank if you reduce revenues then expenditures should go down, they shouldn't be the same.

Mr. Thomas stated revenues drop down...the Mayor's figures for revenues was based on what was requested.

Alderman Lopez stated I think it was you, Alderman, that said that the number being in Building Maintenance \$6,940,642...that's the number I have.

Mr. Thomas stated the operating budget of \$6.902 million is fine. What we said was we could live with the Mayor's bottom line or the bottom line that we propose which I think was \$42,000 higher. What I am noting is that we also noted in the presentation that the Mayor's revenue figure was high and that is what I'm commenting on now...the revenue that is being shown here is on the high side.

Vice-Chairman Gatsas stated again I based most of my budget based on the expectation of what the Mayor presented to us as a body and I think that obviously we've had more time on our side to really cultivate the numbers and bring it forward. I left that number there...that's a number he has to watch and he has to govern by.

Alderman Lopez asked can you tell me...I haven't had a chance to really analyze but the \$750,000 comes from what departments?

Vice-Chairman Gatsas replied it doesn't come from any departments.

Alderman Lopez stated it's just a bottom line.

Vice-Chairman Gatsas stated it comes from some of the work we've done, obviously it comes from the allocation of funding \$250,000 that we had that I reduced in the Transit subsidy from \$1.1 million to \$850,000, it comes from a variety...there's \$300,000 in the parking, it increases...there's a reduction in the Contingency...so, those numbers are there. I think that allows the Mayor the flexibility with the additions that we put in in the bigger departments, it allows him the flexibility to run government in a more efficient way.

Alderman Lopez stated I know the Police Department if they needed \$23.380 you want them to go to the Mayor and get the other money, is that correct?

Vice-Chairman Gatsas stated that gives them...Alderman...there are one of two ways of doing this...we can either leave it in that line item or we can move it above but what I've done is allow them to at least leave it in that line item as a salary adjustment and as the policemen come on I'm not saying we've all taken a vote and I think the vote was unanimous to hire six new police officers and however that's run we should be allowing the Mayor to do that in a way that we see how those numbers work.

Alderman Lopez asked what is your anticipation of the definition of Salary Adjustment, how do you think it's going to work, the Mayor having authority of this Board.

Vice-Chairman Gatsas stated I think that somebody coming before the Mayor looking for a position I would think that before that position can be hired it's got to come through this Board.

Alderman Lopez stated in other words the Mayor is not allowed to move any money out of the \$1.7 million unless this Board approves it?

Vice-Chairman Gatsas replied I would think that that's the way it's always been. Randy, am I wrong in that assumption.

Mr. Sherman replied no we always bring those transfers back usually at the end just because of the timing of it. The Mayor would authorize the hiring and we would kind of reserve those funds and then present them to the Board more towards the end of the year but if you wanted to make that come back every time you wanted the Mayor to approve a position that would require a transfer we clearly could do it that way.

Vice-Chairman Gatsas stated I think that the position that this Board understood was that the Mayor was going to come before us and those funds would be transferred within that department.

Alderman Lopez stated I think that we have to spell that out in an ordinance so that there is no mistakes as we move forward.

Alderman Roy stated to stay in the vein that Alderman Lopez was on my concern is not on the spending of the \$1.75 million regarding Salary Adjustment it's in the not spending of the \$1.75. If a department head brings a position to the Mayor's office and is denied and I suppose I'll ask this of the Solicitor or Randy whoever wants to answer it...if a department head brings a position that they deem necessary to the Mayor's office and the Mayor's office denies hiring or funding that position is that something that we'll be notified of or any committee of this Board would be notified of?

City Solicitor Clark replied if you set it up that way that would be the process it depends on how you set it up.

Alderman Roy stated so we would have to set up the Salary Adjustment ordinance or a rule of the Board.

City Solicitor Clark stated no I think you could do it just through the budget process if you adopt it with the conditions that denials come back to this Board for a reaction that's what would happen.

Vice-Chairman Gatsas stated it's no different than if the Mayor tomorrow put out a directive to freeze a position, he could freeze positions without full approval of this Board, correct?

City Solicitor Clark replied no he cannot.

Vice-Chairman Gatsas stated he can't freeze positions?

City Solicitor Clark reiterated no he cannot. Only this Board has that authority.

Alderman Roy stated two other questions regarding non-departmental of the \$850,000 Transit subsidy...arrival at that number or thought process.

Vice-Chairman Gatsas stated they came before us and I can tell you that that was the same process I was on last year when they went to \$1.74 million I thought they should have been at \$750,000...there's about a million dollars in a reserve account

that they have that I think at any time they can use...those are funds that they've collected over time and it's there and I think that this is a time that is very difficult in the City and maybe the Transit Authority needs to use \$250,000 of that so that we can stabilize taxes.

Alderman Roy in reference to the Veterans Exemption number the calculation.

Vice-Chairman Gatsas stated that's a full exemption for up to \$300 from the \$200 to \$300 for Veterans. It does nothing for the Elderly Exemptions...those are all in the same position.

Alderman Shea stated I wondered about the Lock Box is there a decision to keep that the way it is.

Vice-Chairman Gatsas replied the Lock Box is not included in this proposal... there is no revenue included in here for the licenses because obviously that's still a piece of legislation that needs to move forward.

Alderman Shea asked is that going to stay the way it is or is it going into Finance.

Vice-Chairman Gatsas asked what's that, Alderman?

Alderman Shea replied the Lock Box is it going to stay?

Vice-Chairman Gatsas replied as far as I know we voted against the Lock Box it's not in here...that proposal is not here.

Alderman Shea stated the second is...are we still keeping the Contingency from this year that we have in order to meet the expenditures for the necessary equipment and other things that the Police need and the Fire Department needs?

Vice-Chairman Gatsas replied that's not been dealt with in this budget at all... those funds are still on tract to take those funds that are needed out of this year's Contingency to pay for those vests and the rust proofing going forward.

Alderman Lopez stated going back to Finance...the \$1,485,850 on the "yellow sheet" does include full-time Lock Box employees.

Mr. Sherman stated the number that you have in your budget, Alderman, was the same as the Mayor's number which did include the Lock Box.



Vice-Chairman Gatsas stated it doesn't include the revenues, it includes the employees and I think that's a number that obviously the ability to move those around I think that included two employees that were coming from two other departments.

Mr. Sherman stated that's correct.

Vice-Chairman Gatsas stated so it's an expenditure in either place if we replace them back to those departments we need to take the revenues or the cost of them from the department and move them...from the Finance Department and move them with that department so I merely left the numbers the same for this Board to decide where they want to move them.

Alderman Lopez stated I believe one of those positions is in the City Clerk's is a vacant position is that correct?

City Clerk Bernier replied that's correct.

Alderman Lopez stated Randy you were saying that the money's going to go back to the City Clerk, is that correct?

Vice-Chairman Gatsas replied that's what I'm saying it's not Mr. Sherman's budget.

Alderman Lopez stated oh, okay you're saying that. I've been told by the Finance Officer that the money wasn't going back because...

Vice-Chairman Gatsas stated I didn't know the Finance Officer's knew about this "blue sheet" until today.

Alderman Lopez stated well I don't know about that.

Vice-Chairman Gatsas stated I don't know how you knew about it before today.

Alderman Lopez stated because I asked him that question.

Vice-Chairman Gatsas stated oh all right well I can't tell you that...when I built this "blue sheet" the two people that were in Finance...those positions would have been moved back with the dollars if they didn't stay in that department, I left them there only because of the same reason as we did this sheet. I could have withdrawn them and moved them over but I guess my question is...

Alderman Lopez interjected I'm not arguing with you I just want to make sure what you're saying and there is a discrepancy on the Finance Officer's part, to me anyway.

Vice-Chairman Gatsas stated I don't know how he could have told you that because he didn't know about this "blue sheet".

Mr. Sherman asked may I address that, Alderman?

Vice-Chairman Gatsas replied sure.

Mr. Sherman stated the point was is that the Mayor had eliminated those two positions when he was doing his budget. The way that he saved the two bodies was to bring in the Lock Box process. He was looking for an operation that we currently contract where he could keep current employees rather than remove them. The comment that I made to you, Alderman, was if you pull Lock Box out there's no guarantee that those bodies are going to be put back in in the Mayor's mind. Now, I don't know what the Mayor's going to do at this point but clear what Alderman Gatsas is saying is if you want to move those two bodies out of Finance, eliminate the Lock Box concept you could as a Board vote to put those dollars back to those individual departments.

Alderman Lopez stated that's fine...I'm not for the Lock Boxes anyway so it's up to the rest of the Board if they want to go that route. I understand that the money is going to go back does not necessarily mean that the Mayor is going to let him fill that position, is that correct?

Mr. Sherman replied that's correct.

Alderman DeVries asked did you address...let me ask a question first actually of the City Solicitor. Is there an update from your office or from Finance on the Pension System obligation...the debt...the \$1.4 million? Do you have any updates for this Board this evening.

City Solicitor Clark replied I don't have any updates. I wasn't involved in the last...I know that the time the Board met on Friday I wasn't involved in that meeting.

Mr. Sherman stated if I may address that. In the Mayor's letter that he sent I believe was May 8<sup>th</sup> or something like that he referred the Retirement Board to me to come up with a resolution mainly because the Finance Officer sits on the Retirement Board. I have made or submitted a data request to the Retirement

Board of which I believe hopefully the Aldermen all got a copy of that letter. I believe the Retirement Board met on Friday to discuss that request and I believe they're compiling all of that information. So, at this point, there has been no resolution. As soon as I get that again a couple of days going through it hopefully we can reach something at that point but at this point there is nothing.

Alderman Shea asked Randy while you're front and center how about the Aggregation fund. We kicked that around forever last year, the year before, the year before that...this year I heard nothing about it.

Mr. Sherman stated the Mayor did not put in a resolution for it so there will be zero dollars appropriated. I know that he has been working to try to come up with a resolution on how to eliminate the fund but he hasn't...I'm not quite sure where he stands on this. I know when Finance came in and we talked about our budget, we talked about this and that was a month or so ago I thought he was closer than he is...I really couldn't tell you where he is as far as developing a plan to eliminate that.

Alderman Shea stated assuming he puts nothing in it what happens...nothing happens.

Mr. Sherman stated you'll have no bodies, you'll have no expenses, it will just sit there for another year.

Alderman Shea asked aren't we getting...aren't we being charged interest on that fund?

Mr. Sherman replied you're being charged interest on the negative cash balance and that interest is essence is picked up under the General Fund.

Alderman Shea stated so just a guesstimate...if nothing is done how much would we be charged interest in '07?

Mr. Sherman replied maybe \$70,000-\$75,000.

Alderman Shea asked is that about what we were charged in '06?

Mr. Sherman replied probably a little bit less in '06 due to the change in the interest rates.

Alderman Shea stated so if we don't do anything by the year 2010 we'll probably accumulate an interest debt of roughly \$75,000 times 3 is about \$150,000.

Mr. Sherman stated I think eventually the auditors are going to say enough is enough, you can't just continue to sit on it. They have said that it needs to be eliminated, they've told the Board that you can take a number of years to do that as long as you develop a plan to take care of it and again I believe the Mayor is working on something but I can't tell you where that stands right now.

Alderman Roy asked what is the payoff or closeout on that?

Mr. Sherman replied it's roughly \$1.7 million.

Alderman Roy stated and we're roughly spending \$70,000 a year on interest.

Mr. Sherman stated correct.

Alderman Thibault stated I keep hearing about the fact that we're flat funding the School Department...one thing comes to mind that...I would like to hear from the School Department if in fact we do this and we leave it where it is what kind of an impact is that going to have. For the last several years I believe that this Board has been of the opinion that we would like to raise the bar, if you will, for the School Department to bring it to where it should be rather than where it has been. I would just like...is it possible to hear from the School Department as to if we flat fund \$143 million exactly where does that leave them as far as academics in the City of Manchester?

Vice-Chairman Gatsas stated I think Alderman Thibault we've gone through this discussion once before...I certainly don't think that we should...we had that on a Saturday morning, I think we've all had our opportunity to vent, I don't think...we understand what those cuts are if they're going to cut it it's going to be in sports, it's going to be in the positions that they've talked about. So, I think if we've not read it in the paper my suggestion to this Board is to get some of those back editions, watch some of the meetings that they've had those discussions in and we certainly know what they will do.

Alderman Thibault stated I'm sure that as many Aldermen besides me that are concerned about that would like to hear where exactly that will leave them. Thank you.

Alderman Smith stated I didn't think we were going to get back into the School system but I'd just like...a lot of people/taxpayers are out there in Manchester and actually \$7,444.70 cost per student and this is from the state and the state average \$9,100. I would just like to point out one factor...these are the high schools...it is the least expensive out of 75 districts...the least expensive, so they are very frugal,

they're providing a good education and I'd like to leave a thought with my colleagues for the School Board's budget and if you would bear with me...a few cliches...children are our future, we should invest in our youth, we should go on needs and not wants, you get what you pay for, we should look forward and give direction, the community cares (we all went to the public hearing and we all heard that), and cuts are definitely no benefits to education. I hope my colleagues will take this into consideration.

Vice-Chairman Gatsas asked is there any other discussion? So, I offer you the "blue sheet" for consideration. We have one of two things we can do...whether we want to just wait and come back at another meeting and leave the resolutions that we have in place or if there are any other than an Alderman would like to take up and take a vote on certainly we have that ability.

Alderman Roy stated I would ask the Chair as we look out over the next 15 or 16 or so days that we have to finalize this...what is the Finance Committee's timeframe, I believe we have to have a budget laid over no later than June 8<sup>th</sup> for final adoption by June 13<sup>th</sup>, so what is the schedule between now and the sixth?

Vice-Chairman Gatsas replied we can come in on the eighth and get it on the table for the thirteenth.

Alderman Shea asked aren't there any matters that have to be resolved in terms of the Administration Committee like the parking situation, isn't that something that has to be discussed and finalized before we really have a figure on that particular aspect of that.

Vice-Chairman Gatsas stated I don't disagree with you, I think that was a conversation I tried to have about five or six weeks ago but some of those things have to be resolved before...I thought they should have come to Finance so we could have resolved them here but they're in the Administration Committee and they need to get resolved somewhere before we move forward with positions that we have. So, I agree with you. I think that those need to be discussed and I'm not sure...is there an Administration Committee meeting tomorrow night?

City Clerk Bernier replied no.

Alderman Shea stated I don't know when we're going to get a decision on that.

Vice-Chairman Gatsas stated that Committee is going to have to meet so that we can...before this Board can come back and meet.

Alderman Smith stated we can throw out dates and so forth...I think that this is so vital and so important we have a Board meeting the sixth couldn't we have a meeting on the fifth on the Monday?

Vice-Chairman Gatsas stated I don't have a problem but unless Administration meets before then, Aldermen we can't do anything until those positions, until that Committee comes out with some sort of agreement. I don't know when they're meeting again.

City Clerk Bernier stated the next meeting is scheduled for June 6<sup>th</sup>.

Alderman Smith asked could they meet June 5<sup>th</sup> and we have a meeting afterwards would that suffice.

Vice-Chairman Gatsas stated I think that's a decision for the Chairman and he's not here. That is why I haven't given you an answer until that's decided along with the other positions we can't go anywhere.

Alderman Lopez asked why can't we just move to our regular Board meeting on the sixth, we go into Finance Committee and get the final numbers, report it out to the full Board that night.

Vice-Chairman Gatsas stated that option is available.

Alderman Lopez stated that is what I would recommend to this Board.

Vice-Chairman Gatsas stated I'm not recommending anything until we hear from the Chairman of Administration to make that decision.

Alderman Lopez asked what are you talking about?

Vice-Chairman Gatsas stated until he has his meeting, if he wants to have it on the fifth I think we should allow the Chairman of that Committee to at least be part of this conversation, he may move his meeting from Tuesday to Monday and we can meet after that but I think we should have that discussion with him.

Alderman Lopez asked what's in Administration Committee that's so vital?

Vice-Chairman Gatsas replied "Parking".

Alderman Lopez stated parking for the Enterprise system...you don't think that we're going to do away with the Enterprise system do you.

Vice-Chairman Gatsas stated until it comes out of that Committee I don't think that we as a Committee here and Alderman Shea is the one that brought it up and I think he's got a good point.

Alderman Lopez stated I sit on that Committee and I think there's no problem with him having a meeting and doing it...we approved a parking thing...the \$6 million that's in the budget book and you've added \$300,000 to that revenue so you must be thinking about it, Mr. Chairman.

Vice-Chairman Gatsas stated Alderman Lopez I've only added revenue. I think with all due respect to the Chairman of that Committee I think you would feel in the same way if we slighted you when you were the Chairman. I think we should allow that chairman to call him meeting and we as a Board should follow that.

Alderman Lopez stated what I'm saying is the final meeting with the Board of Mayor and Aldermen in order to meet some obligations is on the sixth of June and if we turn everything over to the sixth of June...the eighth of June...I'd like to make a motion to that effect that we affect the final budget on the sixth of June and the Finance Committee report out to the full Board that same evening.

Alderman DeVries duly seconded the motion.

Vice-Chairman Gatsas stated we may have another meeting. I don't think you're Chairman of this and I won't accept the motion because we may have another meeting before then.

Alderman Lopez asked are there the final numbers or not? Are you presenting your final numbers?

Vice-Chairman Gatsas asked do you want to vote on this budget?

Alderman Lopez asked are these your final numbers?

Vice-Chairman Gatsas replied yes these are my final numbers, do you want to vote on it?

Alderman Lopez asked what's the difference in reporting to the full Board on June 6<sup>th</sup>.

Vice-Chairman Gatsas stated let's take a vote on these then.

Alderman Lopez stated they could all be amended.

Vice-Chairman Gatsas stated let's go into the appropriation line 114 and...

Alderman Lopez stated that's not what I'm saying...you're presenting the "blue" copy tonight, Alderman.

Vice-Chairman Gatsas stated we have the ability to do that...we have the ability to amend this tonight and let it layover.

Alderman Lopez stated we also have the ability to amend it also on the sixth.

Vice-Chairman Gatsas stated we can amend it tonight or on the sixth, which night would you like to amend it on.

Alderman Lopez replied on the sixth.

Vice-Chairman Gatsas stated I guess I'm waiting for Alderman O'Neil to have his Committee meeting so we're know where we're at. I understand that you're on that Committee so I think the easiest thing to do is to ask Alderman O'Neil to have that meeting on Monday and we can move it forward.

Alderman Lopez stated I'm not trying to be difficult but I worked with Alderman O'Neil on this and we did the parking, it's in the budget and I don't understand what the problem is...they're already advertising for the Parking Manager.

Alderman Shea stated a quick question of maybe the Solicitor...do we need to have an ordinance in order to establish an Enterprise system and have we taken that ordinance?

City Solicitor Clark replied we have not established enterprises in the City through ordinance no. It's just through the budget process. We don't have to adopt an ordinance, no.

Alderman Shea stated so we don't need any kind of...

City Solicitor Clark reiterated you do it through the budget process.

Alderman Shea stated so basically the decision that the Administration has decided on at their Committee has that come before the Board?

City Solicitor Clark replied if they make a decision they report it to the Board yes.

Alderman Shea asked have we voted on that?



City Solicitor Clark stated we will have to check with the Clerk I don't know if they've already reported out.

Alderman Shea asked does anyone know if they've voted it out of Committee and presented it to us.

City Clerk Bernier replied I have no knowledge of that. I will need to research this.

Alderman Smith stated currently we're debating something very, very simple. Why don't we ask the Chairman if he would hold a meeting tomorrow...I'm on that Committee, Alderman Forest is on the Committee, Alderman Lopez is on the Committee...we're all here except the Chairman.

Vice-Chairman Gatsas stated Alderman Smith I don't disagree with you but out of respect to the Chairman that's all I'm saying...I think that respect should be given to any Chairman and I think Alderman O'Neil will schedule it as soon as possible so that we can all get this done. I agree with what you're saying, I don't disagree but I don't think we should be speaking for the Chairman.

Alderman Garrity asked can we move item 15 onto the full Board.

Alderman Forest stated I believe Alderman Lopez made a motion...what happened to that motion?

Vice-Chairman Gatsas replied I didn't accept it.

Alderman Forest asked is there any other alternative as to asking the Board on that motion.

Vice-Chairman Gatsas stated I think you can but I think I agree with Alderman Smith to allow the Chairman the courtesy...that's where I'm at. I think Alderman O'Neil...obviously, we understand he's not here but I think...

Alderman Forest interjected I don't believe that's what Alderman Smith said though...he said there were four members of the Committee here and we're all willing to go that night so it's all up to the Chairman, of course.

Vice-Chairman Gatsas stated I don't have a problem but I don't think...I've never known it that Committee people can call hearings.

City Clerk Bernier stated Alderman O'Neil will be returning on Wednesday and next week there are no scheduled meetings which would give us plenty of time to address any issue anyone might have.

Alderman Lopez stated I guess that's my point. We know in Committee what we did and I'm pretty sure that Leo can check it out...it came before the full Board because one of the authorizations was there to have a job specification and also authorize...let me ask the Human Resources Director...I think that would be appreciate...what is the status of the position for Parking Manager?

Ms. Lamberton replied I believe it's going before Alderman Duval's Committee (Bills on Second Reading) tomorrow night to establish the position of Parking Manager.

Alderman Lopez stated let me ask you also have you coordinated with anybody in reference to this position to be advertised?

Ms. Lamberton replied I did e-mail Paul Borek and said that the Board was anxious to move forward and I believe Paul sent an e-mail to the Mayor requesting permission to advertise for the position...I don't know have you heard back, Paul? It's an Enterprise position though if that's what it's going to be we really don't need the Mayor's approval because Enterprise funds are not part of the hiring freeze.

Alderman Lopez stated once it goes to Bills on Second Reading it will be final and I don't understand what the hold up is because in Committee we talked about the parking, we talked about revenues and we also have in the black book a budget for the Parking Division...everything is moving right on target which is how the Human Resources Committee voted to move forward so I would move that we finalize everything on June 6<sup>th</sup> in Finance Committee and report out to the full Board, take a vote and we go home. Alderman Lopez asked you're not accepting my motion, Mr. Chairman?

Alderman Garrity asked may we address item 15?

**15. Appropriating Resolution:**

“Approving the Community Improvement Program for 2007, Raising and Appropriating Monies Therefore, and Authorizing Implementation of Said Program.”

- a) Report of the Committee on Community Improvement

Vice-Chairman Gatsas replied out of courtesy to Alderman...I think for the other things that were moved tonight were items that are just automatic. I think that there may be some things in CIP that out of a courtesy to Alderman O'Neil that if someone wants to amend that I think the other motions that we have here tonight...

Alderman Garrity interjected we can do that at the full Board can we not, Mr. Chairman.

Vice-Chairman Gatsas replied we can but I think that the things that we moved tonight were things that were not going to be amended...Airport and EPD and the Food and Nutrition Program are things that were there...the Central Business District...I don't have a problem but I'm just...we can move them on the sixth.

Alderman Garrity stated we can amend them here or we can amend them at the full Board...I think that's been done in the past where it was amended at the full Board level. We can do it in Finance or at the full Board.

Vice-Chairman Gatsas stated whatever the wish of this Board is. Do I have a second?

Alderman DeVries stated point of clarification. Aren't we talking the same evening it's only whether the CIP budget will be accepted in the full Board meeting or in the sub-committee of Finance while at the same meeting on June 6<sup>th</sup>...it's almost a matter of semantics so we're really not delaying the CIP budget more than maybe or hopefully half-an-hour or an hour that evening...though it could be longer.

Vice-Chairman Gatsas asked Alderman Garrity do you want to leave the motion in there?

Alderman Garrity replied we can do it in Finance or we can do it at the full Board, it's been done at the full Board before.

Vice-Chairman Gatsas stated let's just do it in Finance on the same night we're going to do the rest of them.

Alderman DeVries stated for discussion I think the other reason I personally would still feel comfortable having all of our cards on the table with flood damage I'm hoping that we get some better feedback on the FEMA, the state allocation, how much the City might be responsible for so if there's maneuvering and I'm just hoping that we'll get better clarification by June 6<sup>th</sup>.

Vice-Chairman Gatsas stated trust me, Alderman, you aren't going to get any clarification by June 6<sup>th</sup>.

Alderman DeVries stated I can dream.

Alderman Duval stated getting back to questions raised by Alderman Smith in relation to the School District budget we know that the School District and the School Committee has put in extensive time and given thorough review to their own department's financial picture and I notice we have Vice-Chairman Stewart with us tonight and I think School Committee Member Herbert is here as well. I would like to at least hear, just briefly, if they could respond specifically to this issue of increased expenditures relating to numbers that are contractual in nature if the Vice-Chairman is so inclined. Again, they have a better, more thorough understanding than we do of the School District budget...they put it together and they've attended all the Finance Committee meetings down on Commercial Street and I certainly respect their position as School Committee people...they're elected as we are and have spent considerable time putting those numbers together, so if they have brief remarks I wouldn't mind hearing from them tonight before we adjourn, Mr. Chairman. I think it might be appropriate.

Vice-Chairman Gatsas stated Alderman Duval with all due respect I think that we were going to be prepared to ask questions of School District or their Finance Committee...I would think that School Committee Member Kruse would be here as the Chairman of that Committee to address some of these questions. I don't know if anybody's come prepared with documentation...maybe there's a simple question but some of us may want to delve into some other questions and I don't know if either one of the Board members that are here sit on Finance.

Alderman Duval stated, Mr. Chairman, just to follow-up. I think I'm just asking for brief remarks, I don't think we need any 15 or 20 minute essay but I think that if the Vice-Chairman has any comments and again if Mr. Kruse were here I certainly wouldn't mind if he would come up as well. I know the notice was late, so I just happened to look out there and happened to notice the two members that are the School Committee sitting here in the audience.

Alderman Thibault interjected if that's a motion I'll second it.

Vice-Chairman Gatsas stated School Committee Member Kruse had called me and asked me if there were going to be any questions of the Board and I didn't think we were going down that street.

Alderman Duval stated again, Mr. Chairman, with all due respect...

Vice-Chairman Gatsas stated I think you'd open them up to the questions and if they want to come I don't have a problem.

Alderman Duval stated I'm not looking for embarrass anybody or to put anybody on the hot seat, I think brief remarks...if they want to leave us with any information before we depart tonight, any additional thoughts on comments that were made here this evening I think it's important enough that we get input.

Alderman Garrity stated we're not going to hear anything different that we haven't heard in the past two or three months. We've heard it a number of times what they're going to do if their budget is down to \$143 million. We all read the paper, we at a 5-hour public hearing, the School District's been in front of us before... nothing is going to change.

Vice-Chairman Gatsas asked are you prepared to speak? You're prepared to address question also. Thank you.

Alderman Duval stated Committee Member Stewart I don't mean to put you on the spot I just happened to look out there and given that Mr. Sanders is not with us tonight.

School Committee Member Stewart stated thank you.

Vice-Chairman Gatsas asked questions of the Board? Alderman Thibault did you have a specific question for the School District?

Alderman Thibault replied not really. I just wanted to know exactly where they were at at this point and I'm still unresolved as to where they should go.

School Committee Member Stewart stated I don't think a lot has changed as your Chair said. This School District has requested a \$148 million budget up from \$142.200 million that we have this year in fiscal '06...that includes roughly \$2.7 million of contractual increases, moving 12 individuals who are currently covered by federal project dollars into the main general fund account of salaries and also two additional Special Ed positions. The items that have gone up significantly include transportation for regular and special education both in the vicinity of \$200,000 and about \$150,000. Our tuition up for out-of-district student special ed students up about \$175,000, our increases in natural gas as well as electricity... each up \$200,000 and \$300,000 respectively. We know this from history from this year and our city services up close to \$400,386. You were correct that we

have a \$2 million decrease in our debt service which we have included as part of that \$148 million budget, so that has already been incorporated into that budget. So, that is basically what's in...those are the major increases and decreases everything else is pretty much level-funded across the board.

Alderman Thibault stated just one question.

Vice-Chairman Gatsas stated hold on a second. If I total those up that's about \$3.8 million roughly. Is your debt service going down by \$2 million?

School Committee Member Stewart replied our debt service is and that's incorporated into the \$148 million budget.

Vice-Chairman Gatsas stated let me just ask the questions. If you debt service going down by \$2 million?

School Committee Member Stewart replied yes, not quite, but yes...rough numbers, yes.

Vice-Chairman Gatsas asked was there a million-dollar surplus coming back to the City?

School Committee Member Stewart replied no, Sir. Our expenditure surplus this year is \$552,000 and there's a surplus on the revenue side. The expenditure surplus is the only dollars that we have control over whether they're spent or not... that was not going to come back this year because we had planned and I know that a number of Aldermen have heard this to purchase a student information system... the Mayor is very much in support of that system. So, I don't believe there was going to be any surplus coming back.

Vice-Chairman Gatsas stated so the leave of absences then that million dollars that you showed us that's available.

School Committee Member Stewart stated that million dollars is part of that \$552,000 so actually there is some double counting going on there.

Vice-Chairman Gatsas stated if we took that \$3 million out of the \$142 that we gave you this year...if that was the number and if you're telling me that...and obviously Alderman Smith somebody's been talking to Alderman Smith because he came up with a number of \$10 million from contractual. So, if I took the \$3.8 and then added it back in we're at \$143. And I understand you don't disagree.

School Committee Member Stewart stated we do disagree because I think there's some double counting going on there. Alderman Smith was adding together our change in salaries and benefits, which is about \$8 million, so I'm not sure where the \$10 came from.

Vice-Chairman Gatsas stated I understand...let me just understand...the 12 people that you're taking from federal funds that are now gone those are things that as they're appropriated through time those are the Title I dollars.

School Committee Member Stewart stated separate amounts, Alderman. We're talking about separate dollars.

Vice-Chairman Gatsas stated I understand but federal funds are leaving to go to general funds and then that's obviously less federal funds that are on one side.

School Committee Member Stewart stated we are having a reduction of the current federal funds in addition to that. So, those funds are going away and then we have because of district in need of improvement we also have set asides that we have to take care of and so those add up to yet another \$1.29 million, roughly \$1.3 million. So, we're taking a different set of a million dollars.

Vice-Chairman Gatsas stated I never wanted to have a discussion about federal dollars but if you want to go down that road maybe we should set up another meeting to hear about the \$15 million that the district gets in federal funds because it's really not \$142 that you're spending, it's closer to \$157 or \$167 when you take in the tuition.

School Committee Member Stewart stated we're happy to share any information that any Alderman asks for. We have nothing to hide, we're very comfortable with the numbers and we can back them up and we're happy to have any discussion and answer any questions any Alderman has.

Alderman Garrity asked Committee Chairman Stewart, how much is the School District paying for the student information system in total?

School Committee Member Stewart replied I believe that the number that I've understood is it could be upwards of a million dollars but it might have to be paid for in two years, over two years of budget. But, we know that the Finance Committee has been talking about this \$552,000 that would be a surplus, an

expenditure surplus at the end of the year going towards the first payment of that system if the Board so chooses to go down that road. I think a lot depends on what our School District budget is for this year, whether that gets purchased or not but it has been a wish of ours.

Alderman Garrity stated so it hasn't been purchased yet?

School Committee Member Stewart replied no, Sir, absolutely not. I know there have been a number of vendors coming in who have given presentations so that the system that best meets the School District's needs be purchased but there has been no purchase orders and no decisions made.

Alderman Garrity stated you said it was \$552,000 out of the proposed...

School Committee Member Stewart stated we're projecting our expenditure surplus and remember it's projected to be \$552,000 this year...that was as of May's numbers from Mr. Sanders to the School Board.

Alderman Garrity asked where would the remaining \$450,000 come out of the following year's budget and this budget?

School Committee Member Stewart replied that would be the likelihood if there were to be some monies come from the budget.

Alderman Garrity stated it's an editorial comment...if you're going to spend a million dollars on a student information system would sure like to see all the schools...add one more school on that doesn't have enclosed classrooms, I think that's a better use of money.

School Committee Member Stewart stated sorry, I couldn't hear you, Sir.

Alderman Garrity stated I would add another million dollars on to add on enclosed classrooms onto other schools besides Parker-Varney...it's an opinion of mine.

School Committee Member Stewart stated a lot of needs.

Alderman DeVries stated the reserve accounts that we have set up and I realize they were set up to very slowly accumulate unfortunately. Do you know if any of those have built any sort of a number that is considered even a slight buffer because those of course are in place for the self-insured medical costs if there's an unexpected severe catastrophic illness also for special ed costs...have any of those been able to accumulate to any significance?



School Committee Member Stewart replied we were able to fund some of those accounts last year. I'm sorry I don't know what the numbers are off the top of my head, I don't know if the Superintendent does but they have not reached...I don't think any of them have reached over \$500,000 yet. Most of them are well under that...some as low as \$25,000 is my recollection. So, no is the answer.

Alderman DeVries stated so when you are building your budget expectations have you been able to reduce any of the buffers that you would put into play in your budget because of the reserve accounts.

School Committee Member Stewart replied no not yet and remember Alderman that if I recall correctly the trust documents only allow for us to use 25% of the funds in a year if we need to. But, this is the third year and so it would be the first year that we would be even able to consider using those because if you remember there was a moratorium for about three years. But, those accounts are funded if there's a surplus in a particular line item...we're able to put those monies into the fund and so we haven't reached what at least I personally would consider a significant buffer.

Alderman DeVries stated one final follow-up to that for discussion among the School Board...have you discussed whether it would be worthwhile coming back to ask this Board to look at the way that those funds can be appropriated so that you might be able to build more meaningful numbers more quickly with your year-end surplus?

School Committee Member Stewart replied the concern of your Board when we first set those up was that we not move dollar items around from one line item to the other and so in consideration of that we haven't come back for that same reason but rather have tried to do very few line item transfers.

Vice-Chairman Gatsas stated Madame Vice-Chairman, I really have a problem that when I look at a student information program that you're going to institute that's somewhere around a million dollars and \$550,000 next year that we would put that program in place before and eliminate the Ombudsman Program and eliminate the Director of the PASS Program.

School Committee Member Stewart stated we are in 100% agreement, you and I personally on that.

Vice-Chairman Gatsas stated when we're moving those numbers around that somebody that comes before us and says here are the cuts that we're instituting... those are wrong and I appreciate that we're in agreement because when somebody

brings a piece of paper before us from a Board that says this is what we're cutting, cutting problems that I think those children and when Alderman Smith talks about the children these are kids that need the help because if we don't keep them in the Ombudsman Program, in the PASS Program they're going to be Chief Jaskolka's problem.

School Committee Member Stewart stated we couldn't be in agreement more, Sir. I do want to make one other editorial comment on the student information system, however. It's been on our list of the School District for a number of years now. One of the concerns that we have is not making annual yearly progress for the district in need of improvement and the No Child Left Behind. One of the ways that we know that we'll be able to track how each individual student is doing and developing in their own program of studies is through the student information system. So, one does have to weigh, you're correct, where are priorities. My personal priorities would be along the lines that you just said which was the Ombudsman but I am only one member of a 15-member board so I have to work with all my board and I'm telling you where things stand now...I'm sitting here being honest with you about where things are.

Vice-Chairman Gatsas stated I don't disagree with that. But, I guess for the teachers that are listening out there those 38 teachers that got pink slipped I don't know what \$552,000 would have done to eliminating some of those pink slips because that's a want and not a need.

School Committee Member Stewart stated actually it wouldn't have done anything because we can't carryover those funds, Sir.

Vice-Chairman Gatsas stated I understand that but you can move them in different programs...the federally funded teachers that you're looking for...those are 12 teachers that you didn't have to riff because you were looking to fund them.

School Committee Member Stewart stated no, Alderman. The \$552,000 that I'm referring to that's in an expenditure projected surplus for this year must be used according to our auditors for programs that are for this school year.

Vice-Chairman Gatsas stated Vice-Chairman, you're missing my point.

School Committee Member Stewart stated I'm trying not to.

Vice-Chairman Gatsas stated next year you have in your budget \$552,000 to make up the difference of the information system if you don't buy it this year. You said it was a million, you said you were buying it in two years.

School Committee Member Stewart stated I said we had \$552,000 in expenditure projected surplus this year.

Vice-Chairman Gatsas stated you said you were spending that...it was a million dollar cost...the student information system was a million dollar cost. You were going to allocate in a two-year basis \$552,000 that you have now and \$500,000 in next year's budget...one of the Aldermen asked you that question.

School Committee Member Stewart stated I said we were going to try to pay for the second part next year...\$550,000 and \$450,000 equal a million, Sir.

Vice-Chairman Gatsas stated then the \$450,000...I guess if we want to play with \$50,000 you're right because the \$450,000 you didn't have to ruff teachers or you could have kept the Ombudsman Program or you could have kept the PASS Program...that was a decision that that Board made. Alderman Duval, I appreciate you for asking them to come up.

Alderman Lopez I don't have any questions of Leslie Stewart.

School Committee Member Stewart stated thank you.

Alderman Lopez asked can you tell me, Mr. Chairman, why you would take \$696,000...use the Mayor's number when the Police Department is \$696,594 short plus another \$242,000 and you elected to not fund them but yet we put more money in the Salary Adjustment account?

Vice-Chairman Gatsas replied because the understanding that I heard from the Chief is that he has vacancies and they have to be filled. There are also six officers that are in that number that need to be filled. So, rather than just putting a lump sum money into that line item I think it's better managed so that we see it because maybe he can't fill six of those positions for eight months. I think it's the Mayor's discretion to understand how he's running the City with personnel that if he needs to hire somebody else in another department, if he has conversations with the Police Chief and the Police Chief says it's going to take us four months to hire these people...looking at those numbers he may be able to hire somebody else in another department. So, I don't think that just putting money into that line item gets you to where you want...that's not proper or prudent management. I think this gives the Mayor proper and prudent management for running the department.

Alderman Lopez stated I understand exactly what you're saying but the Chief of Police came here and reported that he was \$696,000 short in addition \$242,000 in Salary Adjustment...so that's \$800,000 closer to \$900,000.

Vice-Chairman Gatsas stated and that's if he had full complement today.

Alderman Lopez stated well I'm not too sure if he said the full complement.

Vice-Chairman Gatsas stated yeah that's if he had the six new hires, if he was at 215. Well, I don't think that on July 1<sup>st</sup> he's going to be at that 215 offices.

Alderman Lopez stated I'm trying to understand something...I talked to one of the deputy's over there and he actually said that they funded six new positions but they're short \$696,000, so I just don't understand why would you put that in the Salary Adjustment account...I accept your explanation but it doesn't make sense that he's going to come back and get that money.

Vice-Chairman Gatsas stated I can only give you an answer that from managing businesses as I have in the past I see that as the prudent business decision. So, when we want to call people CEO's here and that we're the Board of Directors, Board of Directors never infringe on what a CEO makes for decisions on a daily component of what they're running for employees. I think that if we allow the Mayor to do it we're here as a Board to pay attention to what he's doing, if we don't like it we can speak up. I think it's very important that we allow him to run it because if somebody says to me July 1<sup>st</sup> the complement's going to be 100% and I don't think...again, I allocated because from what I heard from the Fire Chief that he was at 100%...I heard that. So, that's why I made the adjustment. I didn't make the adjustment to his overtime because I believe that that doesn't need to be where it goes. I believe that the line item in his salary account should be adjusted.

Alderman Lopez stated the Fire Department is a little different they're short more than the money that they indicate, they're only short \$413,000 but that's a whole new argument. Are we sort of taking the monkey off of the department head's back and throwing it back here at one man or the Board...they get paid great money to manage their departments. Frank Thomas comes up and we said manage your department and we gave him the money that he needs to manage and he's going to manage. The only discrepancy that I am going to see is in the Building Maintenance Division...we'll have to take a good look at those numbers and the revenues depending on what the School Department gets. So, I just don't understand why and the world we short somebody \$696,000 in the Police Department, I just don't understand that. I can turn around and I can even get more and bring it to...maybe give the Mayor more money if that's what the intent is to manage. So, apparently you do agree that some of the numbers that is in the Mayor's budget is totally wrong.

Vice-Chairman Gatsas stated all I said to you in the beginning...the Mayor came forward with a budget to this Board. I applaud him for the work that he did, he made this Board start thinking outside the box. So, going forward we have the ability to change that. So, all I'm saying is let's allow him to manage as any manager would do. If you want to put more into that account...I looked at it and justified where I was at \$1.750 million. I think the Mayor told you that he would do \$2.4 million, gave a million into the Salary Adjustment account and \$1.4 million to the taxpayers. I thought that it would be more prudent...when I looked at the numbers to give them \$1.7 million to work in that Salary Adjustment account. Only from what I saw and how time has progressed through the budget system and again I think from some of the work that we did as a full Board here.

Alderman Lopez stated I think we all worked pretty well I'm not arguing that point, it's a matter of different approach...that's the only case I'm looking at.

Vice-Chairman Gatsas stated I could have left it out of there, left a million in and said that I have a negative tax rate but I don't think that was the appropriate thing to do...to allow the Mayor to run the City in a very efficient way is the important thing.

Alderman Shea stated if a department runs into a problem they can go to the Mayor for that \$1.7 we understand that. What does the School District do if they run into a problem?

Vice-Chairman Gatsas stated I'm going to give you the answer.

Alderman Shea stated I think Randy might be able to answer.

Vice-Chairman Gatsas stated let me answer it the way I think at least from my position of what I would give. I think it's important for us to understand that when the Welfare Department came here three years ago and said it needed an additional million dollars...I don't know what the number was, Randy, was it a million...when the Welfare Department came to us and said that they had a shortfall.

Mr. Sherman stated at one time we thought it was a million, it ended up being less than that.

Vice-Chairman Gatsas stated but we took care of it. I think that if tomorrow the School District comes to us or in six months and says we've got a catastrophic problem here that we didn't expect I don't think this Board would turn its head on them.

Alderman Shea stated I don't mean that. What I'm saying is what is the process... I think the process might be a little different because they're a district rather than a department. So, Randy, is there a way that...I know at one time when I served on the Board they did run into a problem and I think that being a district it's a little different than being a department. Randy, I don't know if you're conferring with Tom.

Mr. Sherman stated yes we're conferring over here...if this Board, we believe that if this Board wanted to transfer money to the School District you would have to certify that all of their revenues were going to be higher. Again, it takes the fact that you have more revenues to spend, you would then have to reopen the School budget. In order to open the budget and appropriate additional funds you have to certify that there are additional funds to appropriate. So, we would have to go through a process where we would look at all of their non-tax revenues...all of these revenues in general including their tax revenues and certify that they were going to meet the budget that we had already put in place. On top of that you could then add the additional dollars that the City would be transferring over there. But, just transferring funds doesn't allow them to spend those funds. You would have to reopen the budget. But, again, it would take the process of certifying that they would have additional funds. And, early on in the year I know that both myself and the Finance Officer have said it's just too difficult to do that early in the process. Now, as they go through and the bulk of their revenues come from tuitions. But, once they know what their tuition numbers are we probably could go through the process and certify that they were going to meet those numbers and, therefore, have excess. But, it would be pretty late in the fiscal year for us to do that. Again, it may be February or March.

Alderman Shea stated so if they came in February or March and said our appropriation for \$143 million is not sufficient for us to cover our expenditures then you're saying that they would have some sort of a process that is in place now would be in place at the time so that if they were say in round figures a million off for whatever reason and it was justified where would the City then get its money for that...where do we get the funds?

Mr. Sherman replied you can transfer anything from the City side that is unobligated at that point. So, if you still had money left in Contingency or in the Salary Adjustment account you could do that. But, the only thing I would say is keep in mind that they would be managing that budget from July 1<sup>st</sup> forward anticipating that there are no additional funds. It's not like they could keep teachers or staff in place come September and say well we'll go back to the City in March. They would have to make those adjustment to their complement early on

in the process. If something happened in February or March that was unforeseen at this point whether it be some type of legal issue or something like that that comes up that would be a different situation but they certainly couldn't be carrying the staff for nine months and then come back to the Board.

Alderman Shea stated so what you're saying is they'd better make sure if they get \$143 million that they pretty much know how much they have to spend so when they decide whenever in a week or two or whenever they're given the budget that they cannot afford to have "X" number of people and whatever they decide to eliminate is pretty much the bottom line.

Mr. Sherman stated those would be the numbers that they would have to adjust to.

Vice-Chairman Gatsas stated I just want to remind this Board of one thing...in two years the School District is going to be coming here for an additional \$6 million because they're going to lose about \$6 million in tuition. So, let's not forget that because that's going to be \$1.14 increase on the tax rate before we do a thing, before we go anywhere...that's going to be an increase. We're going to have to subsidize from this end and from the taxpayers because the revenues aren't going to be there for them.

Alderman Shea stated that begins when the kid from West leave.

Vice-Chairman Gatsas stated so we should all remember that because that's going to be something for the people that are here because I know there's an election in between that we should at least be cognizant before we put that burden and continue to move it up.

Alderman DeVries stated if I could continue that conversation that we were just having about managing the budget and I'm curious to hear once again how that works within the Charter as it is written today. On the City side if a department has an appropriation that does not cover all of their existing employees but yet there is a Salary Adjustment account who, by Charter, today has the authority and I guess this would be a question for the Solicitor, who by Charter today has the authority to make a decision about whether an employee stays or is let go? Is that the department head?

City Solicitor Clark replied that's the department head.

Alderman DeVries stated to the Finance Officer...if it's the department head that manages and the department head and the Mayor are not in agreement on how they are managing at the end of the year if they're headed toward a deficit how is that to be addressed and managed and what does the Charter allow as far as deficit spending?

City Solicitor Clark replied by law they can't. It's against the law to deficit spend.

Mr. Sherman stated you can deficit spend but you can always appeal to the Board.

Alderman DeVries stated so the decision to let employees go is only under the jurisdiction of the department head.

Mr. Sherman stated that is correct.

Alderman DeVries stated the Mayor can not do that. But, he can decide of the \$1.75 which is a reduction of about \$700,000 from the \$2.4 originally cut how those \$700,000 are employees because that was the Mayor's cut originally from their salary line item across the board. So, somewhere he will be deciding and having conversation as he manages where the \$700,000 in employee reduction will be.

Mr. Sherman stated I think what you had discussed earlier is the process.

Alderman DeVries stated of vacancies.

Mr. Sherman stated right...how this Board wants to manage that \$1.7 million. If there's a vacancy are you going to allow the Mayor to make that decision exclusively on whether he fills it, whether he delays it and if the Mayor says no I'm not filling it what then is the process of the department to appeal to the Board saying I'd like to fill this position...that's a process that I think you will need to discuss it and lay out so that everyone knows what rules they're working under.

Alderman DeVries stated just to continue a comment that Alderman Lopez had made a few minutes ago because I am very intrigued in managing the vacancies and the department heads being sure that they are working as efficiently as they can and I think the majority of them certainly do that on a day-to-day basis. It's a very intriguing concept and I don't discard it or disregard it but at the same time I heard Alderman Lopez and it lands home are we not transferring from a very skilled highly paid manager their job responsibility, by Charter, and by training to this Board by way of the Mayor to manage their department employee levels and I just...I don't know how the rest of the Board feels but I don't know that I'm paid



any where near as well as some of our department heads and that's an awful lot of effort to be taking on without having the business degrees that go behind it. Department heads are paid very well, they need to be managing. So, it's a very intriguing concept as I said to try to bring out some additional and not to fill a full-time approval that isn't full year round, I understand that, I get that but at the same time I know that there's going to be an on-going argument about who wins and who loses with the Salary Adjustment account and you're transferring that to this Board.

Vice-Chairman Gatsas stated maybe I should answer that question for you because in that Salary Adjustment account I've added \$1.374 million to those departments. So, of the \$2.4 million I've accounted for \$2.1 million...\$750,000 in the Salary Adjustment account and \$1.374 million in this budget. So, I'm pretty close to giving back that \$2.4 million that the Mayor's been talking with and allowed him to manage in a very prudent way. So, that's why when Alderman Lopez asked me why didn't we put it in Police because from what I heard from Police was the new hires and everything else they had it gives them an opportunity rather than just drop something in their line item it allows the Mayor to say okay you're hiring somebody in October, you're hiring somebody in November and you understand where those are and you have the ability to hire somebody maybe in Information Systems to make up for that difference from where we are from a management position...but \$2.1 million has been added back in those items.

There being no further business to come before the Committee, on motion of Alderman Long, duly seconded by Alderman Garrity, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee